

# **IMPLEMENTATION TEAM MEETING NOTES**

**September 5, 2002, 9:00 a.m.-2 p.m.**

**US Bureau of Reclamation Offices  
Grand Coulee, Washington**

## ***I. Greetings, Introductions and Review of the Agenda.***

The September 5, 2002 meeting of the Implementation Team, held at Grand Coulee Dam in Grand Coulee, Washington, was chaired by Jim Ruff of NMFS and facilitated by Donna Silverberg. The meeting agenda and a list of attendees are attached as Enclosures A and B.

The following is a distillation (not a verbatim transcript) of items discussed at the meeting, together with actions taken on those items. Please note that some enclosures referenced in the body of the text may be too lengthy to attach; all enclosures referenced are available upon request from NMFS's Kathy Ceballos at 503/230-5420 or via email at [kathy.ceballos@noaa.gov](mailto:kathy.ceballos@noaa.gov).

Silverberg welcomed everyone to the meeting, led a round of introductions and a review of the agenda. Ruff thanked the Colville and Spokane tribes for yesterday's tour of FDR Lake. It was a good tour, he said, very enlightening, gave us a new perspective on Lake Roosevelt operations and was time very well spent. In addition, the technical and cultural presentations were informative and the food was excellent, said Ruff.

## ***2. Welcome and Opening Comments from Tribal Participants.***

Joe Peone of the Colville Tribes thanked everyone who attended yesterday's tour of Lake Roosevelt for the opportunity to exchange views and information with the Implementation Team. We wanted to show you the recreational opportunities the lake provides, as well as some of the ways in which river management decisions affect our tribal uses, he said. It is important, I think, to try to get the IT back here next April or May, when the reservoir elevation is at its lowest – that would really be an eye-opener, Peone added. Dick Nason suggested that, if the IT revisits

Grand Coulee in May, it would be helpful to hold the actual meeting in Wenatchee, at Rocky Reach Dam, so that the IT would also have an opportunity to tour the new facilities there. We'll try to coordinate that, Ruff replied.

I think you did get to see some of the biological and recreational issues that face us, Peone said; we feel we are making progress, but we're aware of the fact that one bad water year, or one change to the flood control rule curves, can wash that progress away. The main objective of yesterday's tour, and today's meeting, from the tribal perspective, is to highlight the need for a mitigation contingency fund that can be utilized when the flood control rule curves adversely affect conditions in Lake Roosevelt – we need to be able to give something back to those who depend on the lake for their livelihoods, he said.

There are two main issues, from our perspective, Peone continued -- we need a group that can set up and administer such a fund, and we also need additional consultation with the tribes. It's easy to look at Lake Roosevelt solely as a source of water, Peone said, but there is much more to it than that. This subbasin has met its obligations to anadromous fish recovery, he said, and we believe there is a need to reassess some of those targets. We expect the Montana proposal to open the door to a discussion of how the system is managed for anadromous fish recovery, said Peone.

We appreciate that, Joe, and we will keep it in mind, said Ruff. You mentioned the inventory of cultural sites during yesterday's tour, as well as the upcoming assessment of air quality, said Bill Tweit – do you have a sense of when those products will be available for management use? I really don't know when the cultural assessment will be completed, Peone replied; we should have at least some preliminary information, and a preliminary report, available this fall. It just seems to me that those discussions will need to go well beyond building principles, said Tweit; there will definitely be a need for actual management tools. I agree, said Ruff – tools like a GIS map of cultural resource sites, and information on the frequency with which, and the lake elevations at which, those sites are exposed, would be extremely useful.

Peone added that the Upper Columbia Tribes would like to participate in the IT process; however, funding is the main issue preventing more extensive participation. In response to a question from Cathy Hlebechuk, Peone said the Colvilles are comfortable with the elevation 1278-1280 floor for Lake Roosevelt called for in the BiOp, because they do feel an obligation to help anadromous fish. However, he said, we do not want to see the reservoir drafted any lower – there are people who are very aware of the lake elevation, he said, and from a cultural resources perspective, it is extremely distressing to the tribes when they go out and start picking up artifacts.

Ruff said that, with respect to the consultation issue, NMFS will commit to working with the other action agencies to try to facilitate that. On the subject of the mitigation fund, Jim Fodrea said there is already an agreement between the action agencies and tribes to work together to solve cultural resource issues associated with low reservoir elevations. What you were talking

about goes beyond cultural resources, Fodrea said, but we'll try to find a way to work that out. I'm talking about mitigation for instances where the action agencies go beyond what was agreed to in the BiOp and flood control rule curves, Peone said; essentially, we would like to have our cake and eat it too -- help anadromous fish downstream, but keep Lake Roosevelt at a level that meets our biological, cultural resource and recreational needs. So you're talking about a group that does not yet exist? Silverberg asked. That's correct, Peone replied -- I'll work with Gary Sims to see what can be done on that issue. Fodrea said he will commit to working with that group once it is formed; Jim Athearn said he will do the same for the Corps.

Peone added that, from the tribal perspective, it would be helpful if the federal executives or regional executives could meet this fall to discuss some of these issues. Ruff said that issue will likely be discussed later in today's meeting. Denny Rohr requested that, if such a meeting is scheduled, this meeting be public, rather than closed.

### **3. Updates.**

**A. In-Season Management (TMT).** See Agenda Item 4, below.

**B. Independent Scientific Advisory Board (ISAB).** No ISAB report was presented at today's meeting.

**C. Water Quality Team (WQT).** No WQT report was presented at today's meeting.

**D. System Configuration Team (SCT).** No SCT report was presented at today's meeting.

**E. TMDL Update.** No TMDL report was presented at today's meeting.

**F. Water Quality Plan Work Group Update.** Ruff said the Water Quality Plan work group has been having some very productive work sessions; state and federal agencies have been participating, as have the Mid-Columbia PUDs through Denny Rohr. We're working on two fronts, said Ruff, the first one being the short term, in which we're ranking water quality projects for the Council's Mainstem/Systemwide provincial review. We would like to be able to reach consensus on those priorities, given the budgetary constraints within that province, he said.

The longer-term effort is to work together and coordinate a water quality plan for the mainstem of the Snake and Columbia Rivers, Ruff continued. We have developed an outline; the Corps has developed a more detailed outline of dissolved gas activities at the eight mainstem projects. The next step is to extend that detailed outline to include water temperature projects and plans, Ruff said.

In response to a question from Tweit, Ruff said the Council did not ask the work group to review the water quality projects in the Mainstem/Systemwide province; rather, the group took that task on themselves, because without the kind of input the group is providing, the Council is going to have a very difficult time deciding which projects should receive the highest priority. In

response to another question from Tweit, Ruff said Chief Joseph flow deflectors are a very high priority from the work group's perspective; the question, as always, is how that project will be funded. There are various funding options under consideration, he said, ranging from a CRFM line-item to direct Congressional appropriation. Jim Athearn added that the Chief Joseph flow deflectors are a very high priority for the Corps; he encouraged everyone at the table to work closely with their Congressional delegations to try to obtain that funding.

Jim Fodrea added that one of the charter IT members, Ron McKown, retired last week; he was instrumental in getting the IT up and running, and in all of the processes integral to salmon recovery in the basin. Reclamation will miss him, and I want the record to reflect our appreciation for his long years of service, Fodrea said. I and the other IT members would like to echo that sentiment, said Ruff, and we all hope Ron enjoys a long and happy retirement in Texas.

#### ***4. 2003 Water Management Plan.***

Hlebechuk said the TMT has posted the most recent draft of the 2003 Water Management Plan on its website, under the "Documents" heading. We had a working session on Tuesday, she said; written comments on the plan are due tomorrow. Our goal is to finalize the 2003 plan by September 30.

The fall/winter update to the 2003 Water Management Plan is scheduled for completion by the end of October, Hlebechuk continued; it will primarily cover Spring Creek hatchery, chum and burbot operations. Burbot operations include special operations in support of burbot research, at the request of IDFG – primarily lower outflows from Libby during the winter while the burbot are spawning. Jim Litchfield added that burbot are proposed for ESA listing, but have not yet been listed.

Silverberg noted that the TMT will be discussing the burbot issue at its upcoming meetings. Ruff asked that a briefing on the fall/winter update, and on burbot life-history and listing issues, be presented to the IT at its November meeting; it was so agreed. The management of the system is obviously becoming much more of a year-round process, Ruff said; if there is an issue related to chum or burbot we're going to have to address, we need to have some background information and a heads-up on possible future operations, Ruff said.

#### ***5. Upriver vs. Downriver Management Issues and CBFWA's Response to BPA's Financial Crisis.***

Rod Sando of CBFWA thanked the IT for its invitation to today's meeting. He began by saying that, in CBFWA's view, upriver vs. downriver is the most contentious issue facing the region, from a policy perspective. As we make this needed transition of focusing on ESA, to what extent will the traditional mitigation programs continue to be funded? Sando asked. We need very good communication on that issue, he said; to date, that comment process has not been as open and transparent as it could be.

The language in the subbasin master contract, when it came out in final form, said ESA implementation would be the top priority, Sando said; that raised the hackles of many upriver tribes, who are more concerned about resident fish and traditional mitigation. Basically, we have some bad relationships that have been worsened by bad processes, Sando said – what it all comes down to is management change. Transition periods are times when you have to be especially careful and sensitive, Sando said; I would urge us all to be as sensitive as possible to these policy issues.

He cited wildlife crediting and land acquisitions as another sensitive issue, given the limited budgets within the region. Again, he said, I would encourage the discussion of this issue to be as open and honest as possible. We need to know what percentage of the subbasin implementation budgets is going to go the ESA, and how much will be left over for things like mitigation for blocked areas.

It's a time of real change, and now we have BPA's financial crisis on top of that, Sando said. The subbasin planning process has shown us that funding is going to be at a premium for many subbasins, he said; it might be a good idea to really look at potential sources of alternative funding – direct Congressional appropriation, for example, or matching funds from private foundations and other sources. Another viable option might be to extend Bonneville's borrowing authority to borrow up to \$1 billion against the amount it is spending annually on capital construction, pay it off over the next 30 years and accelerate capital construction activities to get them all implemented in the next 10 years.

If we go through the subbasin planning process, then discover that there simply isn't enough money available to implement all of these projects, that is going to be very detrimental to public support for and local involvement in subbasin planning, fish and wildlife recovery and ESA implementation, Sando said. He suggested that a task force be formed to investigate alternative fish and wildlife finding sources, adding that CBFWA would be willing to sponsor such a group.

In response to a question, Sando said CBFWA's response to the Bonneville financial crisis will be covered under Agenda Item 6, below; he said CBFWA will be providing its written comments by September 30. Sando added that, in his opinion, there is a significant need for more – and more effective – conflict resolution in the regional fish and wildlife arena. I think we would all benefit from more harmonious relationships, he said; despite the fact that we all have our own biases and agendas, I believe there is an opportunity to reach regional consensus on many of the key goals and objectives we face.

## ***6. Update on BPA “Financial Choices” Process.***

Suzanne Cooper noted that, at the last IT meeting, she had provided an overview of Bonneville's Financial Choices process, as well as BPA's financial outlook for the next four

years. She said she also handed out copies of the letters from Paul Norman and Bonneville Administrator Steve Wright, which provide more details. She introduced Alan Burns, VP of Bonneville's Power Business Line, who led a presentation titled "Financial Choices for the Region – FY'2003-2006 – BPA Power rates and Costs" (Enclosure C). Burns noted that Bonneville lost \$250 million of its \$800 million cash reserve last year; in FY'02, despite an average rate increase of 43%, Bonneville anticipates that it will lose a further \$350 million of that reserve. While we will make our Treasury payment in FY'02 that will drop our cash reserve to its lowest level since the early 1980s, Burns said. Looking to the outyears, he said, we're anticipating a gap of about \$1 billion between revenues and costs over the next three fiscal years.

Burns continued on through his "Financial Choices" handout, touching on the original expectations underlying the FY'02-FY'06 rate case, the financial objectives included in that rate case, the changes in the energy market environment that have led to Bonneville's financial crisis, including the 2001 energy crisis, current lower-than-anticipated power prices, reduced revenues from surplus power sales, investments in conservation in response to the crisis and higher-than-anticipated security costs in the wake of September 11.

Burns continued on, touching on the following major topic areas:

- The major drivers of expected adverse financial impacts for FY'02-FY'06 (reduction in revenues from surplus sales vs. June 2001 forecast, \$570 million program cost over the rate case, a \$370 million increase in the residential exchange settlement and \$160 million less than anticipated in 4(h)(10)(C) credits)
- The total FY'03-FY'06 net increase in program costs, by major program category  
The uncertainties surrounding BPA's financial outlook (actual vs. forecast energy prices, for example)
- A description of the "Financial Choices" process itself.

Burns noted that Bonneville intends to release a four-year financial plan to address its financial condition by the end of this year. Before developing that plan, Bonneville is seeking regional input about the potential solutions under consideration. Burns touched briefly on the five potential approaches to Bonneville's financial crisis that are currently under consideration through this process:

- Simply letting the established rate mechanisms (FB & SN CRAC) play out over the next four years (which includes cost cuts and capital and expense reductions already in place).
- Cutting more costs (both capital and expense) down to levels that put mission accomplishments at risk, and raising rates, as necessary, to cover the remaining gap.
- Taking more risk in paying the Treasury.
- Using financial tools to manage net revenue and cash shortfalls and to push the financial problem into the future.
- Making a one-time adjustment to FY'03-FY'06 rates through SN CRAC to achieve a five-year, 80% TPP, then applying no further FB or SN CRAC adjustments. Potentially

combined with using cash tools to increase FY'03 TPP.

Burns noted that there have been five public meetings held throughout the region to take input on this process; the notes from those meetings are available via the BPA website. He noted that there has been little support expressed for Option 3; many commentators also expressed the opinion that the region simply cannot support another large rate increase at this time. Pretty much everyone is saying that we need to cut costs, Burns said; after that, opinion is split pretty evenly between a modest rate increase with no cuts to conservation and renewables, and some cuts to those programs. Burns added that close of comment is September 30; after that, Steve Wright will be meeting with Congress. We will then move into an expedited rate case in November, with a rate increase expected to take effect in April 2003.

The group offered a variety of clarifying questions and comments about these options and BPA's financial projections. In response to a question from Ruff, Cooper said the total cost of the Fish and Wildlife Program (program expense, capital, reimbursable and river operations for fish) is \$550 million-\$600 million per year.

The group devoted a few minutes of discussion to the nuances of Bonneville's cost estimating mechanisms, particularly the assumptions underlying its estimates of foregone revenue through fish operations. Rod Sando said he was puzzled by the fact that Bonneville is including the opportunity costs associated with BiOp implementation in its estimate of the cash cost of the Fish and Wildlife Program; to me, he said, that would be like me telling the IRS that I want a \$50,000 deduction because I had an opportunity to go to work with someone else at a much higher salary.

Burns replied that the foregone revenue estimates are needed when Bonneville sets rates, a process that includes estimates of how much secondary or surplus power will be available, and what price BPA will receive for that power. Sando disagreed, saying that, in his opinion, the opportunity cost estimate should not be included in Bonneville's estimate of the cash cost of the Fish and Wildlife Program. Again, when we set rates, we need to assume a river operation and we need to make assumptions about how much secondary power we'll have to sell, Burns replied. We need a similar calculation to get our 4 (h)(10)(C) credits, he added.

Sando suggested that the question should be framed differently – rather than “foregone revenue,” maybe what we ought to be talking about is whether or not there might be other water supplies available with which to generate power, he said. Cooper added that half of the \$350 million estimated annual cost of fish operations goes for power purchases, a number that should be easier for the public to get its hands around.

One of the main questions we're asking the public is, are there ways we can make the operations called for in the BiOp more efficient, given the adaptive management approach the BiOp calls for, Cooper said. Burns said he had heard that some members of the Northwest Power Planning Council are calling for less flow augmentation for fish during the spring season,

and more in the summer; this would yield a net gain in Bonneville revenue, because the agency would have more secondary power to sell at a time when market prices are higher.

Sando asked whether Bonneville had run an analysis of what the impact would be on the power market if Bonneville was to reduce the amount of generation in the system, and the amount of surplus power it sells. It seems to me to be a legitimate point, he said, that you might make more revenue by selling less power, if power was more scarce and prices stay higher.

We appreciate your comments, Burns said; we encourage you all to submit any written comments you may have by September 30. He also encouraged any interested IT participants to attend a workshop, scheduled for September 17 at BPA headquarters in Portland, at which Bonneville's financial choices will be discussed in greater detail.

### ***7. Update on the CBFWA Mainstem and Systemwide Project Review.***

Tom Iverson reported that a new schedule for this effort is available on the CBFWA website; the CBFWA project review is now set for the week of September 23. Everything has been moved back by a week or two, but we're still on schedule to provide our recommendations at the November Council meeting, he said.

Iverson went through the various project descriptions, project reviews, comments and responses to comments available via the CBFWA website. He invited any interested parties to attend the upcoming work sessions on the mainstem/systemwide project review. He added that an agenda, also available via the CBFWA website, lays out when the various groups of projects will be reviewed.

Iverson noted that water quality projects will be addressed on the morning of September 24; core project support, including support for Regional Forum facilitation, will be taken up on the afternoon of September 23. In response to a question, Iverson said that, because of the number of participants expected to attend, the mainstem/systemwide project review will be held at the Sheraton Airport hotel in Portland.

Ruff asked that the other IT participants provide feedback to him about what the IT wants to say about the continued need for Regional Forum facilitation. There has been some controversy within the Council about renewing the contract for facilitation services, given the budgetary situation in this province, Iverson said; a clear statement from the IT would be very helpful to CBFWA's deliberations. Ruff asked that any IT comments on the need for continued facilitation services be provided to him by Friday, September 20. Athearn noted that it would be equally helpful for the other Regional Forum Committees, in particular the TMT, to weigh in on this issue. John Palensky noted that the real issue isn't whether or not facilitation services are needed; the issue is whether or not they should be paid for by the Fish and Wildlife Program, rather than, say, by NMFS.



The discussion turned to the funding situation and Bonneville's financial crisis; Kim Fodrea noted that Bonneville is encouraging CBFWA to make as many tough choices as possible, because if CBFWA doesn't Bonneville will have to. Iverson replied that there are some CBFWA members who feel it is time for Bonneville to make some of those tough choices, because CBFWA has balanced the budget for several years now, and has gotten nothing but grief for it.

#### ***8. 2003 Implementation Plan.***

Jim Fodrea said the action agencies are starting into the second round of implementation planning called for in the BiOp; he noted that the most recent draft of the FY'03 one- and five-year Plans are now available via the <http://www.salmonrecovery.gov> website. He said the action agencies have met with a broad array of regional stakeholders to brief them about the 2003-2007 Plan. We are seeking public comment on the plans, he said; close of comment has been extended to September 13. He added that the action agencies hope to finalize the plans by September 30. Fodrea noted that he has discussed the possibility of holding a special IT meeting in the spring of 2003 to provide an opportunity for earlier input from the states, tribes and other stakeholders into the process for FY'04.

Fodrea distributed Enclosure D, a presentation titled "Draft 2003-2007 Implementation Plan for the Federal Columbia River Power System Biological Opinions." He then briefed the IT on its contents, touching on the following main topic areas:

- The structure and overall purpose of the 2003-'07 Plan (to demonstrate compliance)
- How the 2003-'07 Plan was developed
- The goals of the Plan (avoid jeopardy and assist in meeting performance standards, conserve critical species habitat and address watershed health, assure tribal treaty fishing rights and provide non-tribal fishing opportunities, balance other needs)
- A description of the Tier 1, Tier 2, Tier 3 and Tier 4 performance standards driving the Plan
- Plan strategies – hydrosystem strategies, habitat strategies, hatchery strategies, harvest strategies, resident fish strategies, research, monitoring and evaluation strategies.
- Plan priorities, and the criteria used in setting those priorities
- Deliverables: work plans for 2003 and 2003-2007, linkages to specific BiOp actions, organized for near-term (one-year) and mid-term (2-5 year) implementation

The presentation concluded with a description of what happens next in this process:

- The deadline for submitting comments is September 13.
- The final version of the 2003-2007 Implementation Plan should be released on September 30
- Once the Plan is final, we will proceed with implementation and report on our progress
- Mail comments to c/o BPA - KEWS, PO Box 3621, Portland, OR 97208; email

- comments to [federalcaucus@bpa.gov](mailto:federalcaucus@bpa.gov)  
The draft plan can be reviewed at our website, <http://www.salmonrecovery.gov>.

Fodrea added that many comments have been received to date; the action agencies are in the process of developing a formal, written response to those comments. There are a lot of specific actions in the plan, said Iverson – what happens if some of those actions don't get implemented? We plan to implement those actions, Fodrea replied; we are required to make regular reports to NMFS about our progress toward our implementation goals. If something doesn't get implemented, he said, we will provide a detailed explanation as to why. Jim Athearn added that, because the plan has been prepared prior to the next budget cycle, it is difficult to know how the funding of these actions will proceed. In response to a question from Ruff, Fodrea said the action agencies will begin preparing their next progress report this fall.

The group devoted a few minutes of discussion to the nuances of the federal funding process, as well as the impact of the SRWG process on the implementation planning process. They have until September 13 to submit comments? Silverberg asked. Correct, Athearn replied, although sooner would be better, if possible. In response to a question from Ruff, Fodrea said the purpose of the special IT meeting to discuss next year's Implementation Plan would be to respond to a comment the action agencies have heard repeatedly – that two weeks is not enough time to provide meaningful comments on a 500-page plan. The goal is to get the states, tribes and others meaningfully involved at a much earlier date, Fodrea said. We'll discuss that potential meeting when we have more state and federal representatives, given the fact that Oregon and Idaho are not represented this afternoon, Ruff said.

#### ***9. Discuss and Approve Regional Implementation Forum Guidelines and Procedures.***

Ruff noted that Donna Silverberg has made all of the changes requested to this document; when we have better representation at the October meeting, he said, we will finalize these protocols. Athearn commented that Section 6 D ("Budgets") may need to be amended or even deleted in light of today's discussion; it was agreed that the IT will review this section carefully and come to the October meeting prepared to make a decision on that question. The group offered a few additional minor comments, which Silverberg promised to incorporate into a new draft prior to the next IT meeting. The other thing we need to consider is how often the IT needs to review the Regional Forum guidelines and procedures, Ruff said – annually, every other year, as needed, or what?

#### ***10. Next IT Meeting Date.***

The next meeting of the Implementation Team was set for Thursday, October 3 in Portland. It was noted that the April IT meeting will likely take place in Montana; the May IT meeting could be held in Wenatchee. Meeting summary prepared by Jeff Kuechle, BPA contractor.